

VIETNAMESE AFFAIRS STAFF

OFFICE OF THE DIRECTOR OF CENTRAL INTELLIGENCE
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DATE: 12 July 1973

TO: Mr. Richard T. Kennedy
National Security Council Staff

FROM:

SUBJECT:

SAVA 73-123

REMARKS:

Attached is a note prepared by some of my colleagues on rice prospects in Cambodia over the next few months and steps that need to be taken in this sphere. Henry raised this question at the 10 July WSAG and might be interested in my associates' comments.



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Special Assistant for Vietnamese Affairs

Attachment

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Cambodia's Intermediate Food Prospects

Introduction

1. This memorandum assesses the current status of rice supplies and dealings, briefly describes the world rice market situation through 1973 from Cambodia's perspective, and provides a number of options in shipping rice to Phnom Penh. Because the supply situation in other, less important foodstuffs is not known in as much detail, the discussion is limited to rice. Price movements for these other foods in recent months do not suggest any unusual problem in getting them into the capital city from Phnom Penh's environs or sporadic access to more remote sources within the country.

Current Status of Supplies

2. During the next several weeks, if transportation is assured, Phnom Penh should secure enough rice to last until late September. With the projected arrival by the end of July of 20,000 tons of rice borrowed from South Vietnam, the last 5,500-ton shipment under an earlier PL-480 program, and a recent 5,000-ton purchase from Thailand, rice stocks in Phnom Penh could rise to a peak of 58 days' supply, including about half of some 15,000 tons (or two weeks requirements)

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reportedly available, but somewhat difficult to procure.
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from Battambang. Without procurement of additional supplies from Thailand or elsewhere, stocks will dwindle thereafter until their exhaustion in September. The runout date could be sooner if the GKR makes no further progress in limiting daily rice distribution in the capital to 550 tons.*

Outlook for Further Purchases

3. The GKR will need to contract for an additional 45,000 tons of rice to maintain consumption in Phnom Penh from late September through November, when Cambodia's own harvest normally begins. The unavailability of US rice from earlier harvests for export prevents our directly responding to Cambodia's needs until December, the earliest that rice from the US autumn harvest could be delivered. Although the rice borrowed from South Vietnam was underwritten by the US, it required diverting shipments originally intended for South Korea, and this sort of triangular transaction would be difficult to execute again this year. The heavy demand this year on thin world rice stocks makes it difficult for Cambodia to purchase on other markets. Thailand, the traditional exporter of rice to Southeast Asian markets, experienced crop declines this year and has limited exports

* The GKR has had little recent success in this exercise. Distribution through government channels has lately ranged from 550 to 750 tons, and one day topped 900 tons. The inability of the GKR's distribution system to cope with hoarding, speculative buying, and the movement of rice out of Phnom Penh is partly responsible for these high levels.

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to ensure domestic availability. In addition to the firm early-July sale, the Thais have "promised" Cambodia another 5,000 tons before the end of July and 25,000 tons later this summer. It is likely that negotiating problems with the Thais -- it took some five months of Cambodian-Thai haggling to arrange the latest sale -- will delay firm commitment on the additional sales; however, a severe Phnom Penh shortage, when viewed as a direct threat to Thailand's security, could expedite an agreement.

4. Cambodia will continue to require substantial rice imports throughout 1974. Its own harvest will be far below the prewar level -- when it was an exporter -- because of territorial losses, war damage, enemy pressure on farmers not to cultivate, and marketing difficulties. These conditions are not likely to change as long as the war continues its present course. Considerably more rice should, however, be available for import by the start of the new year. The US is expecting a bumper rice crop this autumn, and supplies for concessional export should be high thereafter. Moreover, unless there is a repeat of last season's disastrous weather throughout much of the rice-growing world, pressures on the US will be lower. It is, however, far too early to estimate the export prospects of Thailand or other Asian producers.

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Delivery Options

5. Transport difficulties are the major cause of Phnom Penh's frequent rice shortages. The GKR has consistently failed to keep its major supply lines -- Route 5 from Battambang, Route 4 from the Kompong Som seaport, and the Mekong south of Phnom Penh -- sufficiently secure to ensure the uninterrupted transport of food and other supplies. Outlined below are several steps that can be taken to maintain a flow of rice to Phnom Penh insofar as it proves possible to secure appropriate quantities abroad during the September-November period.

A. Secure Route 5: Route 5 has been frequently interdicted throughout the war and is susceptible to prolonged closure. It was closed over 75% of the period from April 1973 through June 1973. The road would have to be kept open for at least two months to ship approximately 15,000 tons of Battambang rice to Phnom Penh. An operation of this magnitude would undoubtedly leave vulnerable Route 4 and the Mekong, over which vital supplies from abroad must move.

B. Secure Route 4: This road has also been frequently interdicted, and was closed for almost one-third of the April-June period. Securing this route would enable truck convoys to transport imported rice now in the pipeline, and whatever might become available in the future, from the

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seaport at Kompong Som to Phnom Penh; however, the ease with which the road can be quickly interdicted by a relatively small enemy force would make the continuous security required to truck such large amounts of rice difficult, if not impossible. This, combined with the relatively small amounts which can be carried by truck convoy, the logistical complexity of a road convoy operation, and storage constraints at the port, would seem to also preclude large deliveries to Kompong Som for intermittent shipment whenever the road might be secure.

C. Secure the Mekong: Cambodian forces are probably better able to secure the Mekong River than roadways. Given the width of the river, especially during the height of the rainy season, the Khmer Insurgents probably do not have the resources to block the river completely, while they are able to block many of the roads for considerable periods. It is likely that ships may incur considerable damage in an attack, but most do get through -- thus far this year, only one convoy has had to turn back because of enemy action.* Both the army and the navy would have to be motivated to react more quickly and effectively to shorefire than they have in the past. Convoys may become quite costly as shipowners become increasingly

* Extensive US bombing in support of Mekong convoy operations has undoubtedly made harassment more difficult and costly for the enemy. The cessation of the bombing may allow him to emplace heavier weapons along the riverbanks, thereby increasing the effectiveness of his attacks. These same considerations, however, also apply to roadways; the comparative advantage for the GKR would still favor the river route.

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reluctant to run the gantlet, but the large tonnages that can be carried by boat compensate for this.

D. Airlift to Phnom Penh: If an airlift using US aircraft is possible, some 350 tons per day could probably be delivered to Phnom Penh. Rice would have to be available at a source point capable of handling 22 C-130 or 11 C-141 flights daily. This tonnage is only two-thirds of Phnom Penh's requirements, but properly distributed would in an emergency prevent the city from starving. If combined with surface deliveries, an airlift could result in a substantial -- but costly -- buildup of the capital's stocks. An airlift would require US Air Force personnel and equipment at Phnom Penh's Pochentong Airport, as well as a considerable GKR effort in cargo handling from the airport to storage warehouses. Responsibility for the supply of rice to the provincial capitals of Kompong Thom, Kompong Cham, and Svay Rieng has recently been transferred to GKR air assets. Despite the small tonnages involved, considerable administrative and operational difficulties have been encountered. These operations would have to be carried on along with the major US airlift.

Summary

6. At the moment, it appears that Phnom Penh will shortly have in hand rice supplies to see it into September, and there is a possibility that, if all the available surplus

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in Battambang can be moved to the capital, the GKR will be able to make it to nearly the end of that month before a severe rice emergency develops. The outlook for procuring rice on the world market at that point is, however, very poor, and it will probably prove necessary to bring greater pressure on the Thais in the interim to assure critically needed supplies. The least costly delivery strategy is likely to be a combination of an attempt by the GKR to keep the Mekong open with, in an emergency, a US -- or international -- airlift of rice to Phnom Penh. In the absence of secure overland routes, large deliveries to Kompong Som or some other dispatch point for intermittent shipment would appear no more helpful than having relatively inaccessible stocks in producing areas within Cambodia.

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